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UNCLAS SECTION 01 OF 02 QUITO 002594

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SUBJECT: ECUADOR ELECTIONS: QUITO/PICHINCHA RACES
STABILIZING IN FAVOR OF INCUMBENTS

REF: QUITO 2449

1. (SBU) Summary: With 19% of the national vote, the electoral battle for Pichincha province, which includes the capital of Quito (itself 15% of the national vote), is a key test of the Democratic Left's (ID) strength. The Quito mayor race overshadows the Pichincha provincial prefect race in national significance. Polls show popular incumbent mayor Paco Moncayo building a strong lead over his nearest rival, former mayor Rodrigo Paz. Both candidates are supportive of USG interests in the capital. End Summary.

Background

2. (U) Pichincha province goes to the polls on October 17 to elect a provincial prefect (U.S. governor-equivalent) and seven provincial councilors, as well as 43 mayors and their corresponding city councilors and 59 town councils. Of the 1.7 million eligible voters in Pichincha province, 1.3 million of them live in the capital of Quito.

3. (U) General (Ret) Paco Moncayo was elected mayor in 2000 after a long and illustrious military career. Moncayo won heading a Democratic Left Party (ID) ticket at the invitation of ID leader Rodrigo Borja. However, Moncayo is quick to point out that he is not personally a member of the ID, but runs with their support. Ecuador's largest indigenous party, Pachakutik, is also supporting Moncayo, having obtained in exchange the temporary post of acting mayor during the campaign.

4. (U) Moncayo's lead rival, Rodrigo Paz, served as mayor of Quito 1988-92. Paz, who runs a major banking empire, is best known to the public as the flamboyant and successful owner of a major national league soccer team. Paz entered politics from business at the invitation of then-president Jaime Roldos of the Popular Democratic Party (DP), and has distanced himself from the DP since the downfall of the Mahuad administration. (Paz had groomed Mahuad to replace him as mayor in 1992.) Paz is now running at the head of a local political grouping he created entitled "Quito in Action."

5. (U) While the Quito race is essentially a two-man show, Ecuador's national parties are fielding candidates. PRIAN, the party of billionaire banana magnate / two-time presidential runner up Alvaro Noboa, offers physician Marcelo Cruz, Noboa's 1996 running mate. The Coast-based PRE, traditionally weak in the highlands, chose businessman Eduardo de la Cadena. Predictably, his greatest aspiration lies in meeting party founder (and fugitive from justice) Abdala Bucaram. Finally, President Lucio Gutierrez's PSP fields former Housing Minister Ermel Fiallo. None of the three garners even five percent support in recent polling, however.

Polls Show Moncayo Pulling Ahead

6. (U) Recent polls taken at the beginning of September show incumbent Mayor Paco Moncayo enjoying a 12-15 point lead over former Mayor Rodrigo Paz. One poll indicated that Moncayo enjoys more support among women voters (55%) than men (46%). Moncayo also had high approval (56%) among youthful voters (ages 18-24 years).

7. (U) Polls also show a coattails effect benefiting the ID prefectural candidate for Pichincha, Ramiro Gonzalez, who leads Paz's prefectural counterpart, Wilma Salgado, by 37% to 22%. PSP candidate Napoleon Villa, the president's brother-in-law, scored less than 2%, likely due to recurring rumors of corruption.

Paz: Unfair Playing Field

8. (SBU) In a September 21 meeting with PolCouns, Paz accused Moncayo of using his incumbency as an unfair advantage to evade campaign finance limits. Those limits are artificially low, he said, with just \$40,118 as the limit for the mayoral race in the capital (second only to the \$44,126 limit for the mayorship of Guayaquil). According to the

electoral watchdog group Citizen Participation, Paz has already exceeded his limit, spending \$52,000 on publicity by September 21. Paz claimed Moncayo is using municipal funds to publicize public works under his administration.

Electoral Issues

19. (U) Moncayo's popularity derives largely from a series of public works transportation projects and the successful clean-up of Quito's historic center. Critics fault him for getting off to a slow start at the outset of his political career, but even Paz credits him with these more recent successes. Paz promises to do Moncayo one better on public works, criticizing his slowness breaking ground for a new airport. Paz has used the issue of citizen insecurity in the face of rising crime rates to attack Moncayo's performance. Paz told PolCouns he believes Moncayo, as an ex-General who has presided over the city at a time of rising crime rates, is vulnerable on the security issue. Paz' campaign has focused on poorer neighborhoods where crime concerns are highest.

Comment

10. (SBU) The Embassy enjoys good working relationships with both Moncayo and Paz. Either would continue to be supportive of Embassy administrative concerns, including the construction of a new Chancery compound, in which Moncayo has already been helpful.

11. (SBU) The Democratic Left Party carries the burden and enjoys the advantages of incumbency in these races. It has most to lose in Pichincha, its heartland, and in Quito, a plum political stepping-stone to national office. A loss of the mayorship or prefect would represent a stunning blow to the party's national standing. By all accounts, such a reversal appears highly unlikely, and Mayor Moncayo seems set to repeat his term.

KENNEY